



Ninety-Seventh Legislature - First Session - 2001
Committee Statement
LB 360

Hearing Date: January 30, 2001

Committee On: Banking, Commerce and Insurance

Introducers: (Landis)

Title: Change provisions of the Nebraska Life and Health Insurance Guaranty Association Act

Roll Call Vote – Final Committee Action:

Advanced to General File

X Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

8 Yes Senators Landis, Tyson, Aguilar, Bourne, Bruning, Jensen,
 Kremer, Smith

No

Present, not voting

Absent

Proponents:

Senator David Landis

Tim Wagner

Sonya Ekart

Mark Theisen

Jan McKenzie

Ted Fraizer

Rick Wade

Representing:

Introducer

NE Dept. of Insurance

NE Life & Health Insurance Guaranty Assn.

Woodmen of the World Life Insurance Society

NE Insurance Federation

American Insurance Association

Alliance of American Insurers

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB 360 (Landis), introduced at the request of the Department of Insurance, would amend various sections within the subject of insurance.

The bill would provide, section by section, as follows:

- Section 1. Amends section 44-417 of the credit for reinsurance statutes in order to clarify that in order to receive credit on financial statements for reinsurance, reinsurance contracts must contain an insolvency clause that allows direct payment by the reinsurer to the insurers' policyholders as a substitution for the original obligation if the original insurer becomes insolvent.
- Sections 2. Amends section 44-516 in order to specify that a substitution of coverage or a transfer of a policyholder between insurers in the same company group does not require an insurer to cancel a personal automobile policy.
- Section 3. Amends section 44-517 in order to specify that a substitution of coverage or a transfer of a policyholder between insurers in the same company group does not require an insurer to non-renew a personal automobile policy.
- Section 4. Amends section 44-520 in order to change a reference in provisions on cancellation and non-renewal of personal automobile policies to provide for gender neutrality.
- Section 5. Amends section 44-522 in order to specify that a substitution of coverage or a transfer of a policyholder between insurers in the same company group does not require an insurer to cancel or non-renew a property and casualty insurance policy that is not an automobile policy.
- Section 6. Amends section 44-523 in order to specify that a substitution of coverage or a transfer of a policyholder between insurers in the same company group does not require an insurer to cancel or non-renew a commercial automobile policy.
- Section 7. Amends section 44-10,100 of the fraternal benefit society statutes in order to repeal a requirement that fraternal benefit societies execute a power of attorney to empower the Director of Insurance to accept service of process on behalf of the fraternal benefit society.
- Section 8. Amends section 44-10,106 of the fraternal benefit society statutes in order to specify that legal process is served on a fraternal benefit society in the same way as for service of a summons in a civil action.
- Section 9. Amends section 44-1981 of the Title Insurers Act in order to repeal a reference to personal property in the definition of title insurance business.
- Section 10. Amends section 44-1992 of the Title Insurers Act in order to repeal the requirement that all title insurance commitments include a statement that the document is a guarantee of title and not a written representation of the condition of title.
- Section 11. Amends section 44-19,108 of the Title Insurance Agent Act in order to repeal a reference to personal property in the definition of title insurance business.

- Section 12. Amends section 44-19,115 of the Title Insurance Agent Act in order to repeal the requirement that all title insurance commitments include a statement that the document is a guarantee of title and not a written representation of the condition of title.
- Section 13. Amends section 44-2702 of the Nebraska Life and Health Insurance Guaranty Association Act in order to update the definition of “insolvent insurer”, “premiums”, and “resident” and to adopt definitions of “Moody’s corporate bond yield average”, “principal place of business of a plan sponsor”, “state”, and “unallocated annuity contract” to conform with the definitions of those terms in the National Association of Insurance Commissioners Life and Health Guaranty Fund Model Act.
- Section 14. Amends section 44-2703 of the Nebraska Life and Health Insurance Guaranty Association Act in order to specify the persons and specific policies that the act will cover in the event of insurer insolvency, and to conform these provisions to those of the National Association of Insurance Commissioners Model Act. This section specifies that the Nebraska Life and Health Insurance Guaranty Association will not cover the portions of contracts to the extent that such contracts contain interest rates established by reference to Moody’s corporate bond yield average, certain self-funded plans, and unallocated annuity contracts. This section specifies that the guaranty fund will not cover claims to the extent that the claims are based on obligations that do not arise under the express written terms of the policy. This section limits guaranty fund coverage to three hundred thousand dollars for life insurance death benefits, and five hundred thousand dollars for health insurance benefits. This section limits guaranty fund coverage for other specified policies. This section specifies that the guaranty fund does not guarantee or assume obligations that do not materially affect the economic value or benefits of the policy.
- Section 15. Amends section 44-2707 of the Nebraska Life and Health Insurance Guaranty Association Act in order to conform powers and duties of the Nebraska Life and Health Insurance Guaranty Association to the provisions of the National Association of Insurance Commissioners Model Act.
- Section 16. Amends section 44-2708 of the Nebraska Life and Health Insurance Guaranty Association Act in order to allow the Nebraska Life and Health Insurance Guaranty Association to collect interest on unpaid assessments. This section reduces the number of accounts for purposes of administering the fund from three to two, eliminating the separate fund for foreign or alien insurers. This section creates a protest procedure for insurers who object to their assessment.
- Section 17. Amends section 44-2709 of the Nebraska Life and Health Insurance Guaranty Association Act in order to harmonize internal references.
- Section 18. Amends section 44-2713 of the Nebraska Life and Health Insurance Guaranty Association Act in order to harmonize internal references.

- Section 19. Amends section 44-4201 of the Comprehensive Health Insurance Pool Act in order to make technical amendments.
- Section 20. Enacts a new section in the Comprehensive Health Insurance Pool Act in order to define a new term “resident” as “an individual who is legally domiciled in this state” for purposes of determining whether an individual is eligible for coverage under the Comprehensive Health Insurance Pool.
- Section 21. Amends section 44-4203 of the Comprehensive Health Insurance Pool Act in order to make technical amendments.
- Section 22. Repeals original sections.

Explanation of amendments, if any:

The committee amendments would insert and amend section 44-2121 of the Insurance Holding Company System Act in order to provide that a fraternal benefit society may become a member of an insurance holding company system.

Senator David M. Landis, Chairperson